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DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

JUN 08 2009

T.E.P. R.A. A2

Re:

Dear

This letter constitutes notice that the Hospital's request for waivers of the minimum funding standard for the Retirement, Pension, and Administrative Plans for the plan years ending June 30, 2010, have been granted subject to the following conditions:

- (1) Collateral acceptable to the Pension Benefit Guaranty Corporation ("PBGC") is provided to the Plans for the full amount of the waivers by the later of (a) 120 days from the date of the ruling letter or (b) the earlier of (i) the date the PBGC notifies the Service in writing that this condition has not been met or (ii) 360 days from the date of the ruling letter;
- (2) The Hospital provides the PBGC with a copy of any ruling request it makes under section 412(c)(7)(B) of the Internal Revenue Code ("Code");
- (3) Starting with the quarterly contribution due on July 15, 2009, the Hospital makes the required quarterly contributions to the Plans in a timely fashion while the Plans are subject to a waiver of the minimum funding standard. For this purpose, the total amount of each quarterly contribution will be determined in accordance with section 430(j)(3)(D) and section 430(j)(3)(E) of the Code, and can be comprised of several installments made prior to the respective due date of the quarterly contribution;

- (4) The Hospital makes contributions to the Plans in amounts sufficient to meet the minimum funding requirements for the Plans for the plan years ending June 30, 20 , through 20 , by March 15, 20 through 20 , respectively (without applying for a waiver of the minimum funding standard);
- (5) If the Service determines that pre-2008 funding waiver amortizations are not carried over as a separate amortization base for post-2007 plan years, the Hospital will make excess annual contributions to the Plans as if the waiver amortizations were carried over as a separate base, such that the waiver will be paid off in five years. The pre-funding balance shall be increased by these additional contributions and maintained until the end of the 5-year period at which time there must be an election to reduce the prefunding balance by the accumulated amount of the excess contributions;
- (6) The Hospital provides proof of payment of all contributions described above in a timely manner, to the Service and to the PBGC using the fax numbers or addresses below.

Information must be provided to both _____ of the Service and to _____ of the PBGC (or other individuals designated by the respective agencies), using the addresses or fax numbers below:

Internal Revenue Service
EP Classification
1100 Commerce St. 4923 DAL
Dallas, TX 75242
Fax: 214-413-5507

Pension Benefit Guaranty Corporation
DISC
1200 K Street, N.W.
Washington, DC 20005
Fax: (202) 842-2643

Your authorized representative agreed to these conditions in a letter dated May 20, 2009. If any one of these conditions is not met, the funding waivers for the Retirement, Pension, and Administrative Plans for the plan years ending June 30, 2008, are retroactively null and void.

These conditional waivers have been granted in accordance with section 412(d) of the Code and section 303 of Employee Retirement Income Security Act of 1974 ("ERISA"). The amount for which these conditional waivers have been granted is equal to the contributions that would otherwise be required to reduce the balance in the funding standard account of each Plan to zero as of June 30, 2008.

The Retirement, Pension and Administrative Plans are non-contributory defined benefit pension plans. Effective January 1, 2007, the Administrative Plan was closed to new participants, and the Retirement Plan was closed to non-nurse participants. Effective October 10, 2007, the Retirement Plan was also closed to certain union-represented nurse participants. In lieu of future benefit accruals to the Administrative and Retirement Plans, the option to participate in a defined contribution plan was made

available to non-nurse active participants as of January 1, 2008, and to certain union-represented nurse participants as of April 1, 2008.

The Hospital operates ten hospitals in the Region that provide in-patient and out-patient services. The Hospital also offers other healthcare services through clinics and home health care agencies, and engages in the retail sale of medical and pharmaceutical supplies and medical equipment. The majority of the Hospital's employees are collectively-bargained.

During the 20 calendar year, the two unions representing the Hospital's collectively-bargained employees called for work stoppages. The first strike in the spring of 2007 lasted 21 days and the second strike in the fall of 2007 lasted 89 days. The Hospital estimates that \$ in revenue was lost as a result of the two strikes.

In July 2007, the Medicaid program in the Region converted to a new transaction processor. As a result of the conversion, the payment of approximately \$ in net claims payable to the Hospital was delayed. Combined with the work stoppages noted above, the Hospital experienced a significant cash flow problem.

It is clear that the Hospital has suffered a temporary substantial business hardship resulting from the two work stoppages and the conversion to a new Medicaid transaction processor in 2007. Furthermore, the Hospital has provided cash-flow projections for the fiscal years ending June 30, 2009 through 2013, that show that it should have sufficient funds to met the Plans' minimum contribution requirements, including the amortization payments if the funding waivers are granted.

The Plans are relatively well-funded and the prospects for the Hospital's financial recovery now appear good because new collective-bargaining agreements have been reached with the unions representing the employees that went on strike and work stoppages are unlikely to recur during the period in which the waivers are being amortized. Therefore, the Hospital's requests for waivers of the minimum funding standard for the Retirement, Pension, and Administrative Plans for the plan years ending June 30, 2008, have been granted subject to the conditions listed above.

Your attention is called to section 412(c)(7) of the Code and section 304(b) of ERISA which describe the consequences that would result in the event the Plans are amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while any portion of the waived funding deficiencies remain unamortized. Please note that any amendment to a profit sharing plan or any other retirement plans (covering employees covered by the Plans) maintained by the Hospital, to increase the liabilities of those plans would be considered an amendment for purposes of section 412(c)(7) of the Code and section 304(b) of ERISA. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the Hospital (covering

employees covered by the Plans) would be considered an amendment for purposes of section 412(c)(7) of the Code and section 304(b) of ERISA.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

We have sent a copy of this letter to the

and to your
authorized representative pursuant to a power of attorney on file in this office. We suggest that you furnish a copy of this letter to the enrolled actuary who is responsible for the completion of the Schedule B.

If you require further assistance in this matter, please contact

Sincerely yours,

A handwritten signature in black ink, appearing to read "Andrew E. Zuckerman", with a long horizontal flourish extending to the right.

Andrew E. Zuckerman, Director
Employee Plans Rulings & Agreements



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

JUN 11 2009

Uniform Issue List: 408.03-00

SENT EP. RA:TI

Legend:

Taxpayer A = *****

IRA A = *****

Account 1 = *****

Amount 1 = \$*****

Financial Institution A = *****

Financial Institution B = *****

Dear *****:

This is in response to your request dated *****, as supplemented by correspondence dated *****, ***** and *****, in which you request a waiver of the 60-day rollover requirement contained in section 408(d)(3) of the Internal Revenue Code (the "Code").

The following facts and representations have been submitted under penalty of perjury in support of the ruling requested.

Taxpayer A, age **, represents that he received a distribution from individual retirement account ("IRA") A totaling Amount 1 from Financial Institution A. Taxpayer A asserts that his failure to accomplish a rollover within the 60-day period prescribed by section 408(d)(3) was due to Taxpayer A's mental condition which impaired his ability to accomplish a timely rollover.

Taxpayer A represents that on *****, he received a distribution from IRA A of Amount 1 in order to roll those funds over into another individual retirement account to earn a higher rate of return. On the same day he received the distribution of Amount 1, Taxpayer A unknowingly deposited the funds into Account 1, a taxable account, with

Financial Institution B. No amounts were withheld to pay taxes on any part of the distribution of Amount 1, and the funds were used to purchase a higher-yielding certificate of deposit held in Account 1. The funds have remained unused in Account 1 since their distribution from IRA A. Taxpayer A was unaware that Account 1 with Financial Institution B was not an IRA account until he met with his accountant after the end of the 20th calendar year to go over the tax information that had been gathered for his accountant to prepare the 20th tax returns.

Because of Taxpayer A's mental condition, he was unable to understand the consequences of his actions and to effectuate a proper rollover of his distribution of Amount 1 from IRA A. In a letter dated *****, Taxpayer A's physician provided a statement that, in his professional opinion, Taxpayer A is not and was not at the time of the distribution competent to manage his personal financial affairs.

Based on the above facts and representations, you request a ruling that the Internal Revenue Service ("Service") waive the 60-day rollover requirement with respect to Amount 1 contained in section 408(d)(3) of the Code in this instance.

Section 408(d)(1) of the Code provides that, except as otherwise provided in section 408(d), any amount paid or distributed out of an IRA shall be included in gross income by the payee or distributee, as the case may be, in the manner provided under section 72 of the Code.

Section 408(d)(3) of the Code defines, and provides the rules applicable to IRA rollovers.

Section 408(d)(3)(A) of the Code provides that section 408(d)(1) of the Code does not apply to any amount paid or distributed out of an IRA to the individual for whose benefit the IRA is maintained if

(i) the entire amount received (including money and any other property) is paid into an IRA for the benefit of such individual not later than the 60th day after the day on which the individual receives the payment or distribution; or

(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan (other than an IRA) for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to section 408(d)(3)).

Section 408(d)(3)(B) of the Code provides that section 408(d)(3) does not apply to any amount described in section 408(d)(3)(A)(i) received by an individual from an IRA if at any time during the 1-year period ending on the day of such receipt such individual received any other amount described in section 408(d)(3)(A)(i) from an IRA which was not includible in gross income because of the application of section 408(d)(3).

Section 408(d)(3)(D) of the Code provides a similar 60-day rollover period for partial rollovers.

Section 408(d)(3)(I) of the Code provides that the Secretary may waive the 60-day requirement under sections 408(d)(3)(A) and 408(d)(3)(D) of the Code where the failure

to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement. Only distributions that occurred after December 31, 2001, are eligible for the waiver under section 408(d)(3)(I) of the Code.

Rev. Proc. 2003-16, 2003-4 I.R.B. 359 (January 27, 2003) provides that in determining whether to grant a waiver of the 60-day rollover requirement pursuant to section 408(d)(3)(I), the Service will consider all relevant facts and circumstances, including: (1) errors committed by a financial institution; (2) inability to complete a rollover due to death, disability, hospitalization, incarceration, restrictions imposed by a foreign country or postal error, (3) the use of the amount distributed (for example, in the case of payment by check, whether the check was cashed); and (4) the time elapsed since the distribution occurred.

The information presented and documentation submitted by Taxpayer A is consistent with his assertion that his failure to accomplish a timely rollover was caused by Taxpayer A's mental condition.

Therefore, pursuant to section 408(d)(3)(I) of the Code, the Service hereby waives the 60-day rollover requirement with respect to Amount 1 from IRA A. Taxpayer A is granted a period of 60 days from the issuance of this ruling letter to contribute Amount 1 into a Rollover IRA. Provided all other requirements of section 408(d)(3) of the Code, except the 60-day requirement, are met with respect to such contribution, Amount 1 will be considered a rollover contribution within the meaning of section 408(d)(3) of the Code.

No opinion is expressed as to the tax treatment of the transaction described herein under the provisions of any other section of either the Code or regulations which may be applicable thereto.

This letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

If you wish to inquire about this ruling, please contact ***** (Identification Number *****) at (**) ***-****. Please address all correspondence to SE:T:EP:RA:T1.

Sincerely yours,



Carlton A. Watkins, Manager,
Employee Plans Technical Group 1